

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 EB-07 EPG-02 TRSE-00 STR-04 OMB-01
CEA-01 COME-00 FRB-01 XMB-04 OPIC-06 LAB-04
SIL-01 AGR-10 /115 W
-----140114Z 088856 /63

R 121220Z MAY 77
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC 7487
INFO AMEMBASSY ATHENS
AMEMBASSY NICOSIA
AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR

UNCLAS ANKARA 3685

E.O. 11652: N/A
TAGS: EFIN, TU
SUBJECT: PRESS REPORTING ON TURKISH BALANCE OF PAYMENTS CRISIS

REF: (A) ANKARA 3188, (B) ANKARA 3385

1. ARTICLE BY NILUFER YALCIN, WELL-CONNECTED, GENERALLY RESPONSIBLE COLUMNIST IN MAY 11 MILLIYET ECHOES THEME, FIRST HEARD AT CENTRAL BANK (REF B), THAT GOT PAYMENTS CRISIS HAS BEEN CAUSED BY "ECONOMIC BLOCKADE" OF TURKEY BY BIG AMERICAN BANKS ACTING WITH CONCURRENCE OF USG AND INFLUENCED BY GREEK LOBBY. YALCIN COLUMN IS FIRST REPORT THAT WE HAVE SEEN ON SERIOUS FOREIGN EXCHANGE SITUATION IN TURKEY. PRESS IS FULLY PREOCCUPIED WITH ELECTION REPORTING, BUT TURKEY'S FINANCIAL TROUBLES HAVE NOT YET FIGURED AS CAMPAIGN ISSUE.

2. YALCIN SAID THAT /ECONOMIC BLOACKADE, INITIATED, SHE CLAIMS, BY CITIBANK AND MORGAN WHO DEMANDED REPAYMENT OF \$200 MILLION
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FROM CENTRAL BANK, AND CONTINUED BY WEST GERMAN BANKS, HAS PLACED TURKEY IN ECONOMIC BIND. "RUMORS" ASSERTING THAT TURKEY IS IN "DIFFICULT SITUATION" HAVE CREATED PRESSURES THAT "CERTAIN COMMENTATORS" CLAIM "MAY AIM AT FORCING TURKEY TO SELL HER STOCKS OF WHEAT, COTTON, TOBACCO, CHROMIUM, ETC. AT A LOW PRICE AND TO DEVALUE HER CURRENCY AFTER THE ELECTIONS." "FOREIGN OBSERVERS", FURTHERMORE, BELIEVE THAT "THE MAIN AIM OF

THESE RUMORS MAY BE TO LEAD TURKEY INTO A REAL ECONOMIC CRISIS WHICH WOULD WEAKEN HER FOREIGN POLICY AND FORCE HER TO MAKE CONCESSIONS ON CYPRUS, AND TO AVOID THE DANGER OF TURKEY' SEPARATION FROM NATO."

3. YALCIN SAYS THAT "CENTRAL BANK HAS LIQUIDATED ITS DEBT FULLY AND PROVED THAT IT WOULD NOT SUCCUMB TO FOREIGN PRESSURES". HOWEVER, DESPITE FAVORABLE DEVELOPMENTS (INCREASE IN WORKER REMITTANCES, NEW NET INFLOWS IN CONVERTIBLE LIRA DEPOSITS, ETC.) DURING 1977, "PRESSURES EXERTED BY AMERICAN BANKS AND SPREAD OF THESE PRESSURES TO EUROPE...MAKE US BELIEVE THAT CERTAIN POLITICAL AIMS UNDERLIE THE CONDUCT OF FOREIGN BANKS".

4. YALCIN ACCUSES CITIBANK OF SPREADING RUMORS AGAINST TURKEY AND STATES THAT "FACT THAT CITIBANK IS CARRYING ON ITS BUSINESS IN TURKEY THROUGH ITS BRANCH IN ATHENS...LEADS US TO BELIEVE THAT THE GREEK LOBBY HAS BEEN INFLUENTIAL IN THESE DEVELOPMENTS... THIS SUSPICION HAS GAINED STRENGTH IN FACE OF GREEK LOBBY'S PRESSURES IN U.S. CONGRESS ON PHANTOM AIRPLANES." BANKS' "ECONOMIC EMBARGO" COMING AFTER PHANTOM BAN, ACCORDING TO YALCIN, WAS DESCRIBED BY "FOREIGN DIPLOMATS" AS "VERY DANGEROUS MOVE."

5. COMMENT:

USE OF DEVIL THEORY, WITH THE U.S. CAST AS DEVIL, IS NOT NEW IN TURKEY. CHARGE THAT USG WAS APPLYING "ECONOMIC BLOCKADE" TO TURKEY AS WELL AS ARMS EMBARGO SURFACED IN 1975 WHEN USG DELAYED IN GRANTING GENERALIZED SYSTEM OF PREFERENCES (GSP) TO

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TURKEY BECAUSE OF TURKEY-EC TIES. ARTICLE IS ALMOST CERTAINLY BASED ON CENTRAL BANK SOURCES WHO SEEM TO BE TRYING TO ABSOLVE THEMSELVES AND PRIME MINISTER DEMIREL OF BLAME FOR PRESENT FOREIGN EXCHANGE CRISIS AND FOR FORCED SALES OF COMMODITIES AT LOW PRICES.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: FINANCIAL CRISIS, PRESS COMMENTS, LOBBYING, CENTRAL BANK, BALANCE OF PAYMENTS, CREDIT PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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From: ANKARA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770567/aaaacfrm.tel
Line Count: 103
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Litigation Codes:
Litigation History: Hold (001 Tobacco) added on 4/16/2009 3:39:08 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:05 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)
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